

INTERVIEW
OF THE
COMMITTEE ON FINANCE

OF THE
UNITED STATES SENATE

WITH THE
HON. JOHN SHERMAN,
SECRETARY OF THE TREASURY,

IN REGARD TO THE
REPEAL OF THE RESUMPTION ACT.

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UNITED STATES SENATE,
COMMITTEE ON FINANCE,
March 19, 1878.

The CHAIRMAN. Mr. Secretary, I have jotted down a few general questions and some in detail, which I propose to ask you, and I suppose that other members of the committee may have questions which they may desire to ask at a later period, but I will ask some general questions in order that you may make a statement, if you choose, with more freedom than you can by going into smaller details at the commencement.

First, ought the resumption act, in your opinion, to be repealed; and, if not, why not?

Secretary SHERMAN. That question, as you say, is very general, and it is rather a legislative than an executive question, but I have no objection to answering. I think that the resumption act ought not to be repealed; that it was a declaration of public policy, commenced with the act of February, 1862, repeated by Congress several times, notably in 1866, notably again in 1869, and again by the passage of the resumption act, that we would, as soon as practicable, redeem any United States notes which were presented for redemption, in gold and silver coin; that this is the declared public policy of this country, and it ought to be adhered to; and now I am fully convinced that we are able to do what we have so often promised to do, and ought to do. Beside this, several States have, by their legislation, indicated a purpose to conform their laws to ours.

Senator BAYARD. Which States besides New York?

Secretary SHERMAN. Well, Massachusetts to some limited extent, but I don't know how far; and many corporations and many individuals have made their contracts upon the basis of resumption in 1879. The whole country seems to have settled down to the conviction that we can resume, and that business has adapted itself, and contracts have been made with that view. So far as any suffering from resumption, or preparation for resumption is concerned, we have already suffered, and now to go backwards would be only to invite suffering again. It strikes me therefore that it is better to go ahead, and that to retrace the policy of resumption now would separate the metals from our currency, and we would have to go through the same trouble again. It would be an evidence of national weakness. The struggle between metallic money as

the basis of paper money and irredeemable paper money, must be made some time, and I think we had better complete it now. Therefore I say, in regard to your question—although it is a legislative question for you gentlemen to answer, and not for me—I think we ought to adhere to the policy of resumption and complete it.

The CHAIRMAN. Do you think resumption is practicable under the present law? You have partially anticipated that question, but still I ask it.

Secretary SHERMAN. That is a question very much of figures, and, supposing that it would be the principal one I would have to answer, I have brought quite a number of documents here which I will give you, and they will speak better than I can. The best evidence that we are able to resume on the 1st of January next is the progress that has already been made. When the resumption act passed the premium on gold was about ten and one-half per cent. Since that time it has been reduced to a nominal rate. It is now a little over one. Since that time we have accumulated in preparation for resumption a large sum of gold. I have taken some pains to get the figures which I will give you now. They are accurate, so that you may have the exact condition of the Treasury. This is the statement of the Treasurer, made yesterday :

TREASURY OF THE UNITED STATES,
Washington, March 18, 1878.

SIR: In accordance with your request I have the honor to state the amount of gold and silver in the Treasury on the 23th ultimo, the date of the last debt-statement, which is as follows, viz :

Gold coin	\$117,151,455 62	
Gold bullion	7,937,300 21	
		\$125,088,755 93
Less amount to credit of disbursing-officers and out- standing checks.....	6,189,626 60	
Gold-certificates actually outstanding	44,498,500 00	
Called bonds and interest.....	6,818,677 29	
Interest due and unpaid	4,909,705 21	
		62,416,509 10
Available gold coin and bullion		62,672,246 83
Available silver coin, fractional.....		5,972,895 42
Available silver bullion.....		3,130,718 31
Total available gold and silver.....		71,775,860 56

The amount of gold coin in the Treasury is \$117,151,455.62; the amount of gold bullion is \$7,937,300.31, making an aggregate of gold coin and gold bullion, \$125,088,755.93. That is, however, subject to a deduction of the following items:

First. Outstanding checks to officers, \$6,189,626.60. Although that is really money in the Treasury, yet it is drawn for and not paid.

The CHAIRMAN. Doesn't that always happen?

Secretary SHERMAN. It always happens that some money is drawn upon and not paid, and this item is always large.

Senator BAYARD. You spoke of gold bullion; that is the property of individuals, is it not?

Secretary SHERMAN. All that is government property.

Senator BAYARD. Where does the government get gold bullion?

Secretary SHERMAN. We buy it, or receive it on deposit, or melt foreign coins into bullion, and coin it as needed. We receive it just like gold coin, but not much of it in comparison with the coin received.

Second. Then there are gold-certificates outstanding, \$44,498,500, for gold deposited by banks and individuals.

Third. Called bonds and interest, \$6,818,677.29. That amount is always large, and has reached eighteen millions.

Fourth. Interest due and unpaid, \$4,909,705.21. That makes \$62,416,509.10 gold subject to demand, or about one-half the supply on hand, leaving available gold coin and bullion, against which there is no demand liability, \$62,672,246.83. Then there is silver fractional coin, \$5,972,895.42; silver bullion, \$3,130,718.41. I can say, though, if this statement was made up to date the silver bullion would be a good deal larger. We have bought lately. The total available gold and silver over and above demand liabilities is \$71,775,860.56.

Of the items that are counted here and deducted from gold, about \$20,000,000 are practically available for resumption, because the outstanding drafts and the called bonds and interest due and unpaid, although due, yet the amount actually in the Treasury is generally about the same. It is remarkable that so much money is left after it is due. Bonds that are due and not presented, and interest that is due for years, are left in government custody without being drawn. Of the amount of gold certificates issued: the law authorizes 20 per cent. more certificates to be issued than the amount of gold or gold bullion deposited, although that power has never been exercised, at least not within my recollection; not certainly within my term.

Senator FERRY. You spoke of the \$44,000,000 of gold certificates; is that about the annual outstanding average?

Secretary SHERMAN. No; it is more than the average.

Senator FERRY. What is the average for ten years back?

Secretary SHERMAN. Thirty to forty millions.

The CHAIRMAN. It is \$34,000,000 or \$35,000,000.

Secretary SHERMAN. The amount of gold now on deposit is very large. For the reasons I have stated the amount of gold and silver coin and bullion available for resumption in a business sense is about ninety millions, but the actual gold and silver bullion and coin in the Treasury over and above all demand liabilities is \$71,775,860.56.

Senator JONES. Could the amount of subsidiary coin which you speak of as being on hand be counted as in any way assisting resumption?

Secretary SHERMAN. I think so, because it is exchanged for United States notes or fractional currency, and can be paid out for current debts.

Senator JONES. I thought you could only exchange it for fractional currency?

Secretary SHERMAN. Probably there is enough silver coin on hand to redeem all the balance of the fractional currency.

The CHAIRMAN. That is, the Secretary thinks some fractional currency has been lost?

Secretary SHERMAN. Now, in regard to another point pertinent to your question, we have, in the process of preparation for resumption, reduced the volume of United States notes. The precise figures are familiar to you. The amount was \$382,000,000 at the time of the passage of the resumption act, and the amount now is \$348,618,024. Again, the amount of outstanding bank-notes has been reduced. On December 31, 1875, the amount was \$346,479,756; on December 31, 1877, \$321,672,505, and on February 28, 1878, the amount of bank-notes outstanding was \$321,989,991; but the amount of bank-notes of banks in existence, not in process of liquidation, was \$299,240,475, and the difference between these two sums being the notes of banks in process of liquidation, although the notes are in circulation, yet an equal amount of greenbacks are in the Treasury as a special deposit to redeem them.

Senator KERNAN. They make part of the \$348,000,000 legal-tender notes?

Secretary SHERMAN. Yes; as many of the legal-tender notes are held in the Treasury as there are bank-notes in process of redemption.

Senator FERRY. Then really, there should be but \$299,000,000 of national-bank notes outstanding.

Secretary SHERMAN. If you count the whole greenbacks as outstanding there would be \$299,000,000 national-bank notes. Then it must be remembered that United States notes have been in circulation since 1862, and bank-notes since 1864, and that large sums are lost or destroyed. This diminishes to some extent the amount outstanding—how much, I don't know. You can judge as well as I.

The following statement shows, by months, the issue of silver coin, and the reduction of fractional currency under the act of April 19, 1876 (19 Statutes, 33), from April 20, 1876, to February 28, 1878, viz :

Months.	Fractional currency redeemed.	Total silver payments.
April, 1876	\$648, 698 00	\$648, 698 00
May, 1876	3, 500, 565 18	6, 740, 066 11
June, 1876	2, 912, 878 91	3, 608, 353 86
July, 1876	1, 543, 715 00	1, 593, 228 80
August, 1876	1, 547, 568 94	4, 015, 295 56
September, 1876	1, 496, 895 83	3, 079, 335 25
October, 1876	1, 302, 937 57	2, 411, 734 58
November, 1876	1, 146, 969 07	1, 606, 407 81
December, 1876	1, 060, 302 53	1, 659, 718 99
January, 1877	923, 639 31	1, 776, 056 82
February, 1877	990, 146 79	1, 565, 732 51
March, 1877	993, 908 27	1, 239, 012 92
April, 1877	1, 253, 936 56	1, 253, 936 56
May, 1877	979, 645 29	979, 645 29
June, 1877	803, 792 89	911, 590 42
July, 1877	618, 801 45	816, 446 67
August, 1877	612, 221 50	716, 775 07
September, 1877	385, 472 12	955, 528 37
October, 1877	434, 067 61	1, 043, 168 41
November, 1877	309, 554 14	709, 662 26
December, 1877	278, 911 62	703, 089 93
January, 1878	292, 189 18	225, 106 00
February, 1878	281, 221 58	220, 718 49
Total	24, 318, 039 34	38, 479, 308 68

Below is given the total amount of fractional notes outstanding, by issues, on the 16th instant :

First issue	\$4, 291, 074 82
Second issue	3, 114, 104 26
Third issue	3, 018, 941 52
Fourth issue (first series)	3, 008, 423 44
Fourth issue (second series)	737, 939 15
Fourth issue (third series)	414, 407 70
Fifth issue	2, 524, 824 73
Total	17, 109, 715 62

The average monthly reduction of outstanding fractional currency, estimated upon the basis of the redemptions of the past four months, is \$290,000.

Senator JONES. How many millions, then, of legal-tenders do you estimate as being in circulation now, outside of what you hold to redeem the notes of banks in process of liquidation ?

Secretary SHERMAN. I should think \$320,000,000 ; deducting those that may have been lost or destroyed and those held for the outstand-

ing bank-notes, making the aggregate of bank-notes and greenbacks about \$643,000,000. As a matter of course, that is a mere estimate.

Senator ALLISON. It would be about \$341,000,000, according to your statement; that is, exclusive of fractional currency.

Secretary SHERMAN. Of the first, second, and third issues the amount outstanding is over \$10,000,000, and comparatively none of it is presented for redemption. Of the first issue of fractional currency only \$3.54 was presented last month for redemption. Of the second issue, only \$3.93. Of the third issue, \$4,854.62, with \$3,018,941.62 outstanding. Of the first series of the fourth issue, \$26,540.52 was redeemed, with \$3,008,423.44 outstanding. Of the fifth issue, the amount outstanding was \$2,524,854.73, and the amount presented for redemption was \$205,912.76; so that practically we may say the first three issues have been redeemed, although it appears on our books and statements as outstanding. The balance of the fourth and fifth issues probably would not exceed five or six millions; so that the silver on hand will redeem every dollar of this, in all human probability. It is coming in at about \$250,000 a month.

Senator BAYARD. You believe that of the outstanding currency not more than one-third will ever be presented for redemption?

Senator JONES. I should not think it would be a matter of much moment. If the whole \$17,000,000 should come in, silver could be got.

Secretary SHERMAN. There would be no trouble about that.

Senator DAWES. Do you redeem it in dollars or in fractional currency?

Secretary SHERMAN. We redeem it in silver money. We give fractional silver, because that is the law.

To repeat the general result of our preparations for resumption, we have already practically abolished the premium on gold; we have reduced the amount of United States notes and the amount of national-bank notes outstanding; we have paid off, practically, the fractional currency, and now we have a very remarkable circumstance in our favor. The balance of trade is in our favor to the amount of \$160,000,000 a year, bringing silver and gold and bonds back to us. In the last three years the balance of trade in our favor is \$414,034,666. I bring you this statement because I thought you might deem it important to have actual figures about the state of our trade. The table showing details I will leave with you.

Senator ALLISON. That is up to January 1?

Secretary SHERMAN. Yes, sir; the calendar year. For the year 1875 it was \$64,201,852, for the year 1876 it was \$185,202,605, and for 1877 \$164,630,209, making \$414,034,666, and the last few months have been as favorable as any.

Senator JONES. Do you understand that as meaning any particular change in the gold drift of the world, or is not that balance of trade met by the interest due by private corporations, cities, and States, and debts of every description? Do you think that it means a gold balance to anything like that extent?

Secretary SHERMAN. I think it is rather a payment of debts. The excess of exports over imports must come back in some form, and mostly in debts paid, private debts, corporation debts, and national debts. The drift this way of government bonds has been large during the last year. I have noticed this especially in the last few weeks, and recently the drift has been very large.

Senator BAYARD. They have taken that means of paying off the balance?

Secretary SHERMAN. Yes.

Senator DAWES. You think instead of gold they send our bonds?

Senator JONES. What I was getting at is, could they send very much gold?

Secretary SHERMAN. We have got both gold and silver from England, but we must do it as Lincoln said, "unbeknownst to them." It must come by the natural currents of trade. To attempt to bring by any artificial movements large sums of gold to this country would be to create alarm. All last summer and fall the accumulation was from five to eight millions of dollars each month. Some of that came from our own mines and some of it from abroad, but we accumulated it without any perceptible injury to anybody.

Now, in general answer to your question, I do express my opinion, officially and personally, that, for the reasons I have given, we can resume on the 1st of January next, under the basis of the existing law.

The CHAIRMAN. What effect has the silver bill had or is likely to have upon resumption?

Secretary SHERMAN. I do not want to tread on delicate ground in answering that question, Mr. Chairman. I shall have to confess that I have been mistaken myself. Now as to the silver bill, I have watched its operation very closely. I think the silver bill has had some adverse effects and it has had some favorable effects on the question of resumption. Perhaps the best way for me to proceed would be to state the adverse effects first. It has undoubtedly stopped refunding operations. Since the agitation of the silver question, I have not been able largely to sell bonds, although I have made every effort to do so.

Senator JONES. At what date was the last bond sold?

Secretary SHERMAN. We are selling bonds all the time.

Senator JONES. I mean the refunding of the bonds into four per cents?

Secretary SHERMAN. The 16th of October was the time when the last of the popular loan was paid for, and we had then a call ready to issue of \$10,000,000, and the associates, as they had a right to do, withdrew the call. The sales from the 1st of September, 1876, to the 15th of October, 1877, were about \$275,000,000. We sold \$200,000,000 four and a half per cents, and then we sold \$75,000,000 four per cent. bonds.

Senator ALLISON. About a year or eleven months.

Secretary SHERMAN. Since October last we have sold four millions, and perhaps now the sales have gone up to between four and five millions of four per cent. bonds.

Now, another adverse effect the silver bill has had is to stop the accumulation of coin. Since the 1st of January, we have accumulated no coin except for coin-certificates, and except the balance of revenue over expenditure; the revenues in coin being more than enough to pay the interest of the debt and coin liabilities, we accumulate some coin.

Another effect that the silver bill has had is to cause the return of our bonds from Europe. Although the movement of our bonds in this direction has been pretty steady for more than a year, yet it is latterly largely increased; how much I am not prepared to say.

On the other hand, I will give the favorable effects. In the first place, the silver bill satisfied a strong public demand for bi-metallic money, and that demand is, no doubt, largely sectional. No doubt there is a difference of opinion between the West and South and the East on this subject, but the desire for remonetization of silver was almost universal. In a government like ours it is always good to obey

the popular current, and that has been done, I think, by the passage of the silver bill. Resumption can be maintained more easily upon a double standard than upon a single standard. The bulky character of silver would prevent payments in it, while gold, being more portable, would be more freely demanded, and I think resumption can be maintained with a less amount of silver than of gold alone.

Senator BAYARD. You are speaking of resumption upon the basis of silver, or of silver and gold?

Secretary SHERMAN. Yes, sir; I think it can be maintained better upon a bi-metallic, or alternative standard, than upon a single one, and with less accumulation of gold. In this way remonetization of silver would rather aid resumption. The bonds that have been returned from Europe have been readily absorbed—remarkably so. The recent returns in New York show the amount of bonds absorbed in this country is at least a million and a quarter a day. We have sold scarcely any from the Treasury since that time. This shows the confidence of the people in our securities, and their rapid absorption will tend to check the European scare.

Senator VOORHEES. That shows, Mr. Secretary, that this cry of alarm in New York was unfounded. Then this capital seeks our bonds when this bi-metallic basis is declared?

Secretary SHERMAN. Yes; many circumstances favor this. The demand for bonds extends to the West and to the banks.

Senator DAWES. Inasmuch as funding at a lower rate is stopped, there is a greater demand for this higher rate of interest bonds that come back. The banks seek these bonds, thinking they will not be called in.

Secretary SHERMAN. The bonds that come back are 4 and $4\frac{1}{2}$ per cents largely, and their prices are well maintained. They are quoted every day at par. When I the other day felt the market to see whether there was any demand for $4\frac{1}{2}$ per cent. bonds, I had no difficulty in getting bids for them above par in large quantities.

Senator FERRY. Would there be any difficulty in disposing of the 4 per cents now?

Secretary SHERMAN. Yes; I am trying to sell them, and the sales are increasing.

Senator BAYARD. I understand that there could be a ready sale for $4\frac{1}{2}$ per cent. bonds.

Secretary SHERMAN. I have no doubt we can sell $4\frac{1}{2}$ per cent., and I think within a month we can sell all we want of 4 per cent. bonds to carry out the resumption law, for I would not accumulate more than five millions a month, and that largely in silver and gold bullion. There is no special necessity to force the bond market in order to maintain resumption. We now have seventy-one to ninety millions of dollars on hand, and every one can measure how much more will be necessary to maintain resumption. If the sale of bonds was ever so free I would not accumulate more than five millions of dollars a month of both metals, and all sales beyond that should be applied for refunding 6 per cent. bonds.

Senator ALLISON. Do you think that you can add largely to the stock of coin in this country by your process of adding to your reserves \$5,000,000 per month? That is to say, will you accumulate from other countries, or simply draw into the Treasury the accumulations already existing in our own country?

Secretary SHERMAN. I am glad you mentioned that point. Although since the 1st of January last we have accumulated no coin in the Treasury, the amount that we had prior to that accumulated per month has

since then gone into the banks; the banks have already accumulated more than five millions of gold since the first of January.

Senator MORRILL. They have increased their reserves by the amount of five millions, gold, per month?

Secretary SHERMAN. Here is a statement which shows the aggregate amount of specie held by the banks of the United States during the several periods therein mentioned. Now, in the United States there have been no statements of national banks since December last, but they have in the city of New York a weekly statement of the clearing-house. This shows the amount at the beginning of every week from January 5, 1878. On that day the amount was \$21,884,100; that has increased in amount until March 16, 1878, when it reached \$34,551,000, a difference of about thirteen millions, which is just about five millions per month increase. So that this accumulation of coin has gone on in the banks since it stopped in the Treasury.

Senator FERRY. Then if you embrace the accumulation in the banks and Treasury, it has been progressing gradually at the rate of about five millions per month?

Secretary SHERMAN. Yes, sir; more than that. In New York alone the accumulation is five millions per month, but in Boston and Philadelphia it is also going on.

Senator FERRY. What, in your judgment, is the accumulation in both the banks and the Treasury per month in amount?

Secretary SHERMAN. I should think it to be between five and ten millions dollars per month.

Senator ALLISON. Do you think that this bank accumulation, from the 1st January to the 16th March, is gathered both from this country and to the same extent from other countries?

Secretary SHERMAN. Undoubtedly.

Senator JONES. Have we any record of the imports of coin?

Secretary SHERMAN. Certainly. And in this statement of our exports and imports you will find the amount stated exactly.

Senator DAWES. Is the import of coin eliminated by itself?

Secretary SHERMAN. Yes, sir.

Senator BAYARD. Does it show where the coin comes from?

Secretary SHERMAN. It can be ascertained. In giving an answer to Mr. Morrill's question, as to the general effect of the silver bill, I would not like to give a positive opinion. I do not think, taking it altogether, that it is an obstacle in the way of resumption. It has operated in some respects adversely, and in some respects favorably, but, on the whole, I do not think it should discourage us from resumption, or from carrying out our general policy.

Senator JONES. Then, in its effect upon the return of the vast amount of bonds you refer to, would there not be an element of strength added in favor of resumption in that the interest on these bonds returned would not be a constant drain upon the country?

Secretary SHERMAN. Undoubtedly.

Senator JONES. Would the fact that they come back enable us to maintain resumption much easier?

Secretary SHERMAN. Undoubtedly. The fact that we have paid four hundred and fourteen millions of debt in foreign countries is favorable. There is another point in this connection. It seems to me that it is not necessary to determine this question now, because a sufficient time has not elapsed to enable us to determine the effect of the silver bill, and you had better let things run along and see its effect. It may be that its effect will be such that all will favor resumption and that resump

tion will come without effort. The passage of this bill can have no effect until January next, and it may be that before that time all will agree that it ought or ought not to be repealed. As you have this measure in the Senate you can control it by a majority vote of the Senate at any time. Why not let it stay here?

Senator VOORHEES. Did I understand you to say that you would undertake to maintain resumption with ninety millions of coin reserve?

Secretary SHERMAN. No, sir; I would undertake to resume upon the power afforded by the present law, by going on and doing what I did last summer.

Senator VOORHEES. How much surplus did you say you had on hand?

Secretary SHERMAN. I have now seventy-one millions.

Senator VOORHEES. Then you say that you would be willing to undertake resumption under the existing laws by the 1st of next January. Now, with the aid of the silver bill and the coinage, what amount of coin would you expect to have on hand, with which to undertake resumption at that time?

Secretary SHERMAN. I would accumulate about five millions per month of both metals from the 1st of April to the 1st of January, which would be forty-five millions; and, if the market is favorable, I think I would try to make good the loss that I have suffered by not accumulating in January, February, and March of the present year. I think I could in this way accumulate fifty or sixty millions.

Senator VOORHEES. That would give you one hundred and fifty millions.

Secretary SHERMAN. Not so much; nor do I think it is necessary to have so much.

Senator JONES. And does that look to eliminating the legal-tender function on the 1st of January next?

Secretary SHERMAN. No, I think not, sir; I am in favor of maintaining the legal-tender currency; but that is in controversy.

Senator KERNAN. You thought that you could practically redeem all that would be presented?

Secretary SHERMAN. I have no doubt of my power to reissue, up to three hundred millions of legal-tenders.

Senator JONES. I have an idea that would make a good deal of difference.

Senator VOORHEES. Have you spoken of the capacity of the present coinage?

Secretary SHERMAN. No, sir.

Senator FERRY. Then, on the question of resumption, your view is that, with ninety millions on hand, and the accumulation of sixty millions more, or even forty millions—which would be one hundred and thirty millions—you would be willing to commence the resumption of the present volume of the currency, both national and bank?

Secretary SHERMAN. O, yes. The banks must look out for themselves.

Senator BAYARD. I would like to ask you if the condition of the country will sustain this resumption with this very large accumulation of gold by the banks in New York; and if they will not have a tendency to continue to increase their reserve, as they find the Treasury running in the same direction?

Secretary SHERMAN. The national banks will take care of themselves.

Senator BAYARD. I am speaking not only as to their self-preservation, but as to the country at large; with the Treasury continuing this

policy of resumption and accumulating, as you think you can, about five millions per month, for the next ten months, and the ninety millions you already have, giving you one hundred and forty millions, and the banks, since the 1st of January, of their own motion and for their own safety, making an accumulation of five millions a month of coin, I say will they not rather continue that, so that that reserve of coin will be increased by the banks, and at the same time the Treasury would not be retarded by it? In other words, it will make the coin reserve of the country still greater by January, 1879, should the banks pursue this policy.

Secretary SHERMAN. Yes, sir; and besides that I ought to say that the banks are exceptionably strong; the reserves in the banks now are very large. Their liabilities have been reduced upon deposits about sixty millions within the last year. While their reserves are \$220,979,426 in currency, the legal reserve required is only \$136,694,239, so that they have upward of \$84,000,000 in excess of legal requirements.

Senator JONES. Suppose there should come at the period of resumption a great dearth of gold; would not the national banks retire their currency, rather than redeem it with gold?

Senator MORRILL. I desire to ask you whether you have any anticipation that in the course of events, as they are now tending, resumption will take place prior to 1st January, without your interfering at all?

Secretary SHERMAN. I would not like to answer that.

Senator MORRILL. I will now ask you this question: How can the policy of resumption be aided by Congress?

Secretary SHERMAN. I am very willing to answer that, although I think it is a legislative question. I think that you can aid resumption very much if you will allow me to receive United States notes in payment of bonds, as the Senate has already expressed a willingness to do, and if the House would concur with them—if I could sell 4 per cent. bonds for currency, and then reissue the currency in the purchase of 6 per cent. bonds, it would be an aid to resumption.

Senator BAYARD. What would you do with the proceeds of the sale of these bonds?

Secretary SHERMAN. I would use them in the purchase of outstanding bonds. All I would have to do would be to pay the difference between the greenback and gold, but that would only be paying 1 per cent. premium. I have a right to call the bonds, and I could use the currency in their payment by giving \$1.01 for the bond in currency, the difference between currency and gold at the present time.

Senator BAYARD. You can sell your 4 per cent. bonds at par in currency and you can then use the currency to redeem the higher-rate bonds.

Senator JONES. How would that aid resumption?

Secretary SHERMAN. By repealing the discrimination that is now made against the legal-tender note in payment of bonds. The bond issued would be a coin bond.

Senator JONES. Let me see if I understand you. Is your idea this, that if you were permitted to sell 4 per cent. bonds for currency it would raise the value of currency?

Secretary SHERMAN. It would.

Senator JONES. And in that respect would aid you in resumption; it would extinguish to a certain degree the premium between gold and currency?

Secretary SHERMAN. Yes, sir. The people want these bonds, and we expect to sell them at home. If the people could buy these bonds at

par in currency, the money they own, you could sell more bonds, because that $1\frac{1}{4}$ per cent. premium deters them.

Senator VOORHEES. In other words, I buy a 4 per cent. bond and you agree to pay it in gold or silver, and you take in payment for it, from me, currency.

Senator MORRILL. But he issues a bond at 4 per cent. instead of four and a half or five.

Senator FERRY. You would substantially recognize currency, then, as equal to coin?

Secretary SHERMAN. I think it makes it so.

Senator VOORHEES. Why could not the government receive its customs duties in currency?

Secretary SHERMAN. I will answer that in a moment, if you please.

Senator DAWES. Is not the general essence of what you have just said, in regard to selling bonds for currency, what you have heretofore introduced in the Senate, and which has been before the House Committee of Ways and Means?

Secretary SHERMAN. Yes, sir. Always, until 1866, when Mr. McCulloch adopted his policy, bonds were issued in exchange for currency, and we never asked gold for them.

Senator VOORHEES. Then you propose, when you get currency for the bonds, to reissue the currency?

Secretary SHERMAN. Yes, sir; and buy at once the other bonds, paying in currency the market-price in gold.

Senator FERRY. The process is to retire the higher-rate-interest bonds and to put out the lower-rate bond?

Secretary SHERMAN. Yes, sir; the saving in the difference of interest in six months would cover the extra amount paid as difference between currency and coin. I think another aid to resumption is very desirable. If you could make it clear by legislative enactment that the Secretary has the power to reissue United States notes after the 1st of January to the amount of \$300,000,000, that would relieve the people and relieve the whole country from the fear which they have that the greenback currency is to be entirely destroyed. If we are to attempt on the 1st of January to pay off all these greenbacks as presented and to destroy them, I have my doubts of our ability. I think the law is perfectly clear now as to the power to reissue up to three hundred millions currency:

Senator ALLISON. But you think it ought to be on the contract?

Secretary SHERMAN. I think it ought to be plainly expressed in the law. I think the passage of some such bill as Mr. Wallace has introduced and the Senate passed, with some amendments I would suggest to it, or rather the one that Mr. Burchard introduced, and recently reported by Mr. Robbins of North Carolina.

Senator DAWES. Is the Burchard bill and the Robbins bill the same?

Secretary SHERMAN. Mr. Robbins's bill is the same with modifications made at different stages. I think the passage of that bill would aid me greatly, because that would enable me to sell bonds to all classes of the people.

Senator DAWES. You would get a new market for the bonds?

Secretary SHERMAN. I think that some such law as that would be very good.

Senator BAYARD. A long bond for a small amount?

Senator DAWES. Yes.

Secretary SHERMAN. Another thing I would recommend, and this is in answer to Mr. Voorhees. I would on the first of October next receive

United States notes in payment for duties, and yet provide for the interest on bonds in coin—in other words, I would assume on the first of October next that our notes were as good as gold and silver, and would receive them as such.

Senator MORRILL. Can you do that in the face of the solemn pledge on the statute-book?

Secretary SHERMAN. Yes, if we mean to redeem the notes on the 1st of January next; and I would show my confidence by doing it beforehand. The Secretary has the legal right now to prepay, to anticipate payment of the interest on the public debt, one year. If the note is the practical equivalent of coin it will be received as coin for interest, and we should take it as coin for duties. If we lose a fraction of one per cent. it is a small matter. I think an act of courage of that kind would be very beneficial.

Senator DAWES. If there was a difference between the value of greenbacks and coin you would be obliged to make it up.

Secretary SHERMAN. Certainly. I would show my faith in our promise. We promised to redeem these notes on the 1st of January. Now we show our willingness to carry out the promise by receiving these notes a little before that date.

Senator BAYARD. What becomes of your law of 1862?

Secretary SHERMAN. It does not abrogate it.

Senator BAYARD. I think that declared that the duties should be made payable in coin, and they were specially pledged to this end.

Secretary SHERMAN. I know; but we pay the interest in coin.

Senator BAYARD. I know you pay the interest, but the underlying idea, to a certain class, has been to pay these duties in Treasury notes. If these were not redeemable, to do this would be a violation of that solemn pledge.

Senator ALLISON. If we do the thing as the Secretary says—

Senator BAYARD. Whenever they are paid, undoubtedly; but you still have your public stipulation that you are to pay your duties in a certain measure or material commodity, or what you please to call it, and you say, "No; we will pay them by another form of indebtedness."

Senator ALLISON. What is that pledge? It is that these duties shall be set apart for interest. Now the duties amount annually to certainly twenty or thirty millions more than the annual interest. Therefore, if that fund is still set apart for the payment of the interest, it certainly can be used for that purpose although there is a difference of, say, $1\frac{1}{2}$ per cent. between the material received and the material with which the interest is paid.

Secretary SHERMAN. I want to state to Mr. Bayard that we are receiving customs now in a form of paper money. Our duties, nearly all of them, are paid in certificates of money; we pay out these certificates and we pay but coin.

Senator BAYARD. The certificates actually represent gold, otherwise there would be a breach of contract. Instead of taking gold we take certificates of deposit.

Secretary SHERMAN. We receive greenbacks in the same way as gold certificates, payable after three months after the 1st of October next.

Senator BAYARD. I understand that is so, and I agree with you that whenever a greenback is equivalent to a certificate of deposit for gold, then it is a mere convertibility of terms.

Secretary SHERMAN. That is precisely what I would make it.

Senator ALLISON. That is rather an interesting statement. I would

like to have you elaborate that as to what the gold operations of the Treasury are.

Secretary SHERMAN. I asked Mr. Gilfillan this question and told him to put his answer in writing as to what proportion of our bonds and our interest is now paid in gold coin. I was surprised to see so little of it paid in coin. Most of it is paid in certificates.

TREASURY OF THE UNITED STATES,
Washington, March 18, 1878.

SIR: As to what proportion of interest and principal of the national debt is paid by check or in gold certificates, it may be said that all interest on \$407,842,050, registered principal of the 5 per cent., $4\frac{1}{2}$ per cent., and 4 per cent. funded loans, is now paid by coin checks, and while there is no record showing how other registered and coupon interest is paid, there is no doubt that, so far as the denominations of gold certificates will permit—the lowest being \$100—payments of interest are made at the principal offices in gold certificates. Should denominations convenient for the purpose be issued, very little actual coin would be used in making the interest payments. The principal and accrued interest of all bonds redeemed at maturity or under the call of the Secretary are paid by coin check. The amount of payments by check of the principal of bonds during the fiscal year ended June 30, 1877, was \$127,124,450.

Very respectfully,

JAS. GILFILLAN,
Treasurer United States.

Hon. JOHN SHERMAN,
Secretary of the Treasury.

The CHAIRMAN. These certificates of deposit are precisely the same as gold.

Senator BAYARD. It represents an absolute metal at a place whence it can be taken on the presentation of the check.

Senator KERNAN. They can at their option go and get the gold on them.

Senator FERRY. The Secretary stands upon the presumption assured by these facts, that on the first of January there is no question that he can on the volume now out resume, and as respects the greenbacks, it is simply a difference of form between them and certificates of coin, and, therefore, he says he would be ready on the first of October to receive the greenbacks in payment of duties, because he has or will have coin enough to meet maturing interest and resume.

Secretary SHERMAN. I never would receive the greenback for customs duties until I knew it was as good as coin, and I would be willing to run the risk of anticipating that for three months if that would help the matter.

Senator VOORHEES. Suppose the result of such action would be to close the gap between the paper and coin or would help to do it?

Secretary SHERMAN. I say it would help. If you gentlemen will feel your way clear to allow my receiving the United States notes in payment of bonds, and will make it clear that I won't be compelled to redeem all the United States notes that come in after the first of January next; and if you think, under the circumstances, I would be strong enough to receive these notes on the first of October, I should be willing to guarantee the resumption. I think for us to go backward over all of this long, weary agony and struggle toward resumption would be a sign of national weakness and do the nation great harm, do our credit harm, and bring injury upon us all.

Senator BAYARD. Suppose that on the first of October the premium between gold and paper has passed away and gold has come to par, and you can use it as you would paper, and that is your agreement to receive that at the custom-house, where will your supply of gold be found

in case you are called upon for actual exchange in payment of your notes?

Secretary SHERMAN. We have the large revenue of gold and silver. We have the incoming notes, which will then be as good as coin to pay out. And if need be, we could sell our bonds. I do not think it would be difficult to supply the quantity of coin required.

Senator JONES. Couldn't you buy gold with the notes?

Senator FERRY. Would there be any difficulty in purchasing gold when there would be less demand for it? There being no active demand for it, you would be able to purchase gold as the single purchaser much easier than you do now with numerous competitors in the market?

Secretary SHERMAN. As a matter of course there is some risk in resuming, and we have got to take that risk. If we take it on the first of January, we have got to strengthen ourselves as much as possible, but the risk is greatly exaggerated. Some future Congress will have to provide for exigencies that may arise from financial panics or adverse trade, by authorizing a temporary suspension of specie payment or a temporary issue of notes, as is done by the Bank of England.

Senator JONES. If greenbacks are made a legal tender, I don't see why you require the law. If you didn't have the gold to redeem them, people would simply go right on, and you couldn't pay it out.

The CHAIRMAN. What is your opinion as to the amount of gold and silver coin outside of the Treasury, estimated to be in the hands of the people of the country?

Secretary SHERMAN. I thought you would probably ask me that question, and I have got a statement from Mr. E. B. Elliott, of the Treasury, giving the amount of gold and silver on hand. It is a mere estimate. Mr. Elliott estimates it now, the first of March, at \$280,000,000. Doctor Lindermann last October estimated it at \$260,000,000, of which \$200,000,000 was gold, showing a small increase.

Senator JONES. Does this give the localities where that gold is to be found?

Secretary SHERMAN. Mr. Elliott had that all figured out in another statement. This is the aggregate.

The CHAIRMAN. What effect would a repeal of the resumption act have upon the relations of the currency, legal tenders, and our coin, gold and silver? Would not a repeal of the resumption act cause a fall of paper below gold and silver?

Secretary SHERMAN. I have no doubt of that. I think a repeal of the resumption act would at once cause a widening between coin and paper money, depending entirely upon the confidence the people at large would have in the ultimate redemption of paper, but I don't want to enter on this delicate ground.

The CHAIRMAN. I would like to know whether there is any general feeling among business men in favor of a repeal of the resumption act since the passage of the silver bill; that is, whether it is the opinion of the business men that a repeal of the resumption act will give greater confidence in the future?

Secretary SHERMAN. I do not think there is. There was a strong feeling in favor of remonetization of the silver, founded, I think, upon the mistaken idea that somebody or other had been guilty of demonetizing silver for a bad purpose, and we know very well that at the time this was done the silver dollar was worth more than the gold dollar. I believe the public mind is prepared now to settle down to resumption—that is, in the equivalency of the coin to paper money.

Senator BAYARD. You speak of resumption upon a bi metallic basis

being easier. Do you make that proposition irrespective of the readjustment of the relative values of the two metals as we have declared them?

Secretary SHERMAN. I think so. Our mere right to pay in silver would deter a great many people from presenting notes for redemption who would readily do so if they could get the lighter and more portable coin in exchange. Besides, gold coin can be exported while silver coin could not be exported, because its market value is less than its coin value.

Senator BAYARD. I understand that it works practically very well. So long as the silver is less in value than the paper you will have no trouble in redeeming your paper. When a paper dollar is worth 98 cents nobody is going to take it to the Treasury and get 92 cents in silver; but what are you to do as your silver coin is minted? By the 1st of July next or the 1st of January next you have eighteen or twenty millions of silver dollars which are in circulation and payable for duties, and how long do you suppose this short supply of silver and your control of it by your coinage will keep it equivalent to gold—when one is worth ten cents less than the other?

Secretary SHERMAN. Just so long as it can be used for anything that gold is used for. It will be worth in this country the par of gold until it becomes so abundant and bulky that people will become tired of carrying it about; but in our country that can be avoided by depositing it for coin certificates.

Senator BAYARD. Do you suppose it is possible to retain in this country these two moneys, one of gold and one of silver, at the ratio you have adjusted them of 16 to 1, when their market value is different?

Secretary SHERMAN. I think we can do it until the amount of silver gets to be somewhere between \$50,000,000 and \$100,000,000.

Senator BAYARD. That would take you about one and a half or two years?

Secretary SHERMAN. Yes; but that is a question of opinion. Let me give you the basis of that opinion. In England they maintain over \$100,000,000 of silver at par with gold.

Senator BAYARD. They do it by limiting its legal tender.

Secretary SHERMAN. Then in France they maintain a much larger amount.

Senator JONES. How much silver is circulating at a parity with gold in France?

Secretary SHERMAN. Between two and three hundred millions, perhaps more than that. You know better about their statistics than I do, but it is very large.

Senator JONES. Within a very small fraction of the amount of gold.

Senator KERNAN. About how much silver should there be in the country to have a fair supply of coin to pay all the duties?

Secretary SHERMAN. That is a doubtful question. If the coin is convertible into coin certificates I think \$10,000,000 or \$20,000,000 will do it.

Senator KERNAN. If there were \$20,000,000 in coin certificates in existence they would probably pay the duties, would they not?

Secretary SHERMAN. I think so.

Senator ALLISON. You stated that most of these transactions relating to gold are conducted in certificates. Why is that?

Secretary SHERMAN. Because gold is unhandy and risky to carry. At the custom-houses they prefer to send certificates to pay duties, because certificates can be easily handled.

Senator BAYARD. These certificates represent that amount of gold, and are payable on demand to bearer?

Secretary SHERMAN. Yes; they are payable on demand.

Senator JONES. I understand that the bulkiness would not have any more effect on the silver than on the gold.

Senator VOORHEES. There is a committee of very prominent men of my State in the city, and I agreed to ask the Secretary a question. Our folks are very anxious to have a mint established at Indianapolis, and they wanted me to ask the Secretary about the capacity of the present mints. How much can be coined now by the present capacity of the mints.

Secretary SHERMAN. I received this morning a letter from Dr. Linderman upon this subject, which I will be very happy to read:

THE MINT OF THE UNITED STATES AT PHILADELPHIA, PA.,
March 18, 1878.

DEAR SIR: This mint is coining silver dollars at the rate of about \$55,000 per working day.

The dies are not working satisfactorily. Some of them sink and others crack. I have been, since my arrival here, examining the matter and trying to remedy the defect. It appears to be mostly caused by inferior steel. A new *obverse* hub has been prepared, and a new *reverse* hub is in course of preparation and will be finished by Wednesday. The first two hubs prepared sunk somewhat, and the working dies made from them were not as perfect as they should be. I have decided *not* to send any dies for the dollar to the Western mints until they can be prepared with the new hubs. The experience of the mint for many years has been that much difficulty attends the striking of all large-sized coins from new devices, and that occasionally defective steel is encountered, no matter how much care is taken in the selection. I expect all these difficulties to be fully overcome by about the 1st proximo, after which the capacity of this mint will be brought up to 75,000 silver dollars per working day.

I deem it prudent to remain here until the new hubs have both been finished (day after to-morrow).

The newspaper cry about the "English design" and "English engraver" is all nonsense. The regular engraver of the mint is an Englishman, and the design which he prepared took *two* strokes of a powerful screw or medal press to bring up the devices, and particularly the eagle. The present silver dollar has one very important advantage over the trade-dollar as well as the old silver dollar, and that is that the *border* is so arranged as to fully protect the devices from coming together when piled one upon another. In this way only can undue abrasion be prevented, and that is what I have had in view in the preparation of new devices for nearly two years past. We shall fully succeed, but in the mean time must take the raps of all the wise and knowing ones in the land.

Truly, your friend,

H. R. LINDERMAN.

Hon. JOHN SHERMAN:

Secretary SHERMAN. The San Francisco mint, it is thought, can coin about \$100,000 a day. We think it better to run these two large mints to their fullest capacity on the silver dollar and stop issuing the trade-dollars. Perhaps we shall issue trade-dollars from Carson; but at any rate these two mints furnish enough, so that I do not really think a new mint necessary.

Senator ALLISON. The Philadelphia mint, at \$75,000 each working-day, would issue about \$1,800,000 a month, and the San Francisco mint, at \$100,000 a day, would issue \$2,400,000 a month, aggregating \$4,400,000 a month.

Senator VOORHEES. You would not be prepared to recommend the establishment of the mint under the present circumstances?

Secretary SHERMAN. No; it would take two years to make a mint.

Senator ALLISON. In the event of a change in the balance of trade, so that our imports shall exceed our exports, beginning, say, July 1 and continuing to the end of the year, what probable effect would that

have upon your ability to resume ; or have you any machinery by which you can counteract any such influence that might happen temporarily during this interval ?

Secretary SHERMAN. If the current of trade should be against us, it is pretty difficult to answer. If we had power to raise the rate of interest, we might check it. I do not know that the government would be much affected by the balance of trade, and I think we could go on. It would undoubtedly be harder upon the people.

The CHAIRMAN. Suppose there should or should not be a European war ; would either have any effect ?

Secretary SHERMAN. All such circumstances would have an effect upon merchants.

Senator FERRY. There is one point ; you state that the greenbacks and United States notes amount to \$348,000,000, but aside from the reserves there are really in circulation about \$320,000,000.

Secretary SHERMAN. I mean we are holding greenbacks in lieu of notes of suspended banks, so that really there are in circulation only about \$320,000,000.

Senator FERRY. Now, you state that with \$140,000,000 gold reserve you would be willing to hold \$300,000,000 as a part of the currency, and meet resumption on that basis. Now, I desire to ask if, with the contraction as it is going on, it would be any obstacle to resumption even if the outstanding circulation should be \$320,000,000 on the first of January next ?

Secretary SHERMAN. I think the \$20,000,000 would be provided for by the increase of bank-notes.

Senator FERRY. Without any direct further contraction than under the present resumption act ?

Secretary SHERMAN. The present resumption act would be sufficient. I would not by myself provide for and direct contraction of the currency except what is done under the act.

The CHAIRMAN. Don't you believe there will an expansion come upon us naturally or by action of the Treasury Department on the 1st of January ? Will there not be more money in actual circulation after that period ?

Secretary SHERMAN. I think and hope so.

Senator FERRY. Would not that produce a healthier condition ?

Secretary SHERMAN. Yes, sir.

Senator BAYARD. What would be the effect, in your opinion, of a declaration that \$300,000,000 of Treasury notes might be reissued as a minimum and as a maximum, to be supported by a retention by law of \$100,000,000 of gold in the Treasury ?

Secretary SHERMAN. That would be very beneficial, because I think the fear about that \$300,000,000 would be overcome.

Senator KERNAN. And your opinion is that authority to reissue the legal-tender notes should be expressly given by law.

Secretary SHERMAN. I think that authority to reissue, unquestioned and undoubted, would take away the fears of all classes of people : First, those in favor of inflation, who do not want the greenback destroyed ; then in the Eastern States, where they think we ought to retire the greenbacks and issue bank-notes instead, and believe that we are bound under existing law to pay the whole of the \$300,000,000. And that we are not prepared to do.

Senator ALLISON. In other words, you think we cannot come to and maintain specie payments without the power to reissue ?

Secretary SHERMAN. I do not think we can.

APPENDIX.

Comparison of condition of the Treasury March 1, 1877, and March 1, 1878.

Balances.	1877.	1878.
Currency	\$9, 122, 874 05	\$2, 690, 765 52
Special fund for the redemption of fractional currency.....		10, 000, 000 00
Special deposit of legal tenders for redemption of certificates of deposit	34, 445, 000 00	28, 555, 000 00
Coin	90, 263, 771 44	131, 318, 156 33
Coin certificates.....	52, 146, 700 00	48, 456, 000 00
Coin, less coin certificates.....	38, 117, 071 44	82, 862, 156 33
Outstanding called bonds	7, 826, 550 00	6, 475, 650 00
Other outstanding coin liabilities	9, 070, 572 41	5, 539, 020 57
Outstanding legal tenders.....	364, 239, 484 00	348, 618, 024 00
Outstanding fractional currency	24, 434, 420 35	17, 190, 698 14
Outstanding silver coin	28, 683, 170 01	38, 489, 490 94
Total debt, less cash in Treasury	2, 088, 781, 143 04	2, 042, 037, 129 08
Reduction of debt for February.....	2, 070, 429 06	2, 250, 237 18
Reduction of debt since July 1.....	10, 658, 201 95	18, 121, 094 18
Market value of gold	104 87	101 87
Imports (12 months ending January 31)	422, 943, 252 00	477, 712, 900 00
Exports (12 months ending January 31)	603, 418, 793 00	622, 167, 514 00

TREASURY DEPARTMENT,
Warrant Division.

Statement of outstanding coin and currency certificates at end of each quarter from October 1, 1872, to January 1, 1878.

	Coin certifi- cates.	Currency cer- tificates.
October 1, 1872	25, 792, 760	15, 630, 000
January 1, 1873.....	23, 263, 000	25, 370, 000
April 1, 1873	24, 141, 000	24, 450, 000
July 1, 1873	39, 460, 000	31, 730, 000
October 1, 1873	33, 935, 400	11, 250, 000
January 1, 1874	37, 543, 300	36, 720, 000
April 1, 1874	37, 045, 000	51, 720, 000
July 1, 1874	22, 825, 100	58, 760, 000
October 1, 1874	26, 415, 600	56, 350, 000
January 1, 1875	23, 540, 600	41, 200, 000
April 1, 1875	24, 191, 900	43, 045, 000
July 1, 1875	21, 796, 300	58, 415, 000
October 1, 1875	11, 645, 200	60, 660, 000
January 1, 1876.....	31, 198, 300	35, 175, 000
April 1, 1876.....	32, 337, 600	34, 230, 000
July 1, 1876	28, 681, 400	32, 840, 000
October 1, 1876	29, 777, 900	34, 520, 000
January 1, 1877	47, 280, 000	31, 000, 000
April 1, 1877	48, 279, 400	35, 155, 000
July 1, 1877	41, 572, 600	54, 960, 000
October 1, 1877	37, 997, 500	43, 110, 000
January 1, 1878.....	33, 424, 900	32, 830, 000

Reduction of United States notes, by months, from March 1, 1875, to March 1, 1878.

	Outstanding.	Reduction each month.	Total reduc- tion.
March 1, 1875.....	\$382,000,000	.....
April 1, 1875.....	379,226,900	\$2,773,100	
May 1, 1875.....	378,051,760	1,175,140	
June 1, 1875.....	377,064,000	987,760	
July 1, 1875.....	375,771,580	1,292,420	
August 1, 1875.....	374,755,108	1,016,472	
September 1, 1875.....	374,245,708	509,400	
October 1, 1875.....	373,941,124	304,584	
November 1, 1875.....	373,236,244	704,880	
December 1, 1875.....	372,471,772	764,472	
January 1, 1876.....	371,827,220	644,552	
February 1, 1876.....	371,273,140	554,080	
March 1, 1876.....	370,943,392	329,748	
April 1, 1876.....	370,755,248	188,144	
May 1, 1876.....	370,527,876	227,372	
June 1, 1876.....	370,123,668	404,208	
July 1, 1876.....	369,772,284	351,384	
August 1, 1876.....	369,619,228	153,056	
September 1, 1876.....	369,334,604	284,624	
October 1, 1876.....	368,494,740	839,864	
November 1, 1876.....	367,535,716	959,024	
December 1, 1876.....	366,911,000	624,716	
January 1, 1877.....	366,055,084	855,916	
February 1, 1877.....	364,984,812	1,070,272	
March 1, 1877.....	364,239,484	745,328	
April 1, 1877.....	362,656,204	1,583,280	
May 1, 1877.....	361,494,404	1,161,800	
June 1, 1877.....	360,412,580	1,081,824	
July 1, 1877.....	359,764,332	648,248	
August 1, 1877.....	359,094,220	670,112	
September 1, 1877.....	357,976,164	1,118,056	
October 1, 1877.....	356,914,932	1,061,232	
November 1, 1877.....	354,490,892	2,424,040	
December 1, 1877.....	351,340,288	3,150,604	
January 1, 1878.....	349,943,776	1,396,512	
February 1, 1878.....	349,110,424	833,352	
March 1, 1878.....	348,618,024	492,400	\$33,381,976

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, February 16, 1878.

[Number of banks, 2,074.]

Abstract of reports made to the Comptroller of the Currency, showing the condition of the national banks in the United States, including national gold banks, at the close of business on Friday, the 28th day of December, 1877.

RESOURCES.	LIABILITIES.
Loans and discounts..... \$378,055,305 95	Capital stock paid in \$477,123,771 00
Overdrafts..... 3,801,438 92	Surplus fund 121,618,455 32
U. S. bonds to secure circulation .. 343,869,550 00	Other undivided profits 51,530,910 18
U. S. bonds to secure deposits..... 13,538,000 00	*National-bank notes outstanding 299,240,475 00
U. S. bonds on hand 28,479,800 00	State-bank notes outstanding 470,540 00
Other stocks, bonds, and mortgages 32,169,491 03	Dividends unpaid 1,404,178 34
Due from approved reserve agents. 75,960,087 27	Individual deposits..... 604,512,514 52
Due from other national banks ... 44,123,924 97	U. S. deposits 6,529,031 09
Due from State banks and bankers 11,479,945 65	Deposits of U. S. disbursing of-
Real estate, furniture, and fixtures. 45,511,932 25	ficers..... 3,780,759 43
Current expenses 8,958,903 60	Due to other national banks 115,773,660 58
Premiums paid 8,841,939 09	Due to State banks and bankers. 44,807,958 79
Checks and other cash items..... 10,265,059 49	Notes and bills rediscounted 4,654,784 51
Exchanges for clearing-house..... 64,664,415 01	Bills payable 5,843,107 03
Bills of other national banks..... 20,312,692 00	
Fractional currency 778,084 78	
Specie, viz :	
Gold coin..... \$5,506,556 39	
Silver coin 4,300,274 31	
U. S. gold certifi-	
cates 23,100,920 00	
Legal-tender notes..... 32,907,750 70	
U. S. certificates of deposit for le-	
gal-tender notes 70,568,248 00	
Five per cent. redemption fund	
with Treasurer 26,515,000 00	
Due from Treasurer other than re-	
demption fund..... 15,028,340 14	
1,465,236 94	
Aggregate..... 1,737,295,145 79	Aggregate..... 1,737,295,145 79

* The amount of circulation outstanding at the date named, as shown by the books of this office, was \$321,672,505; which amount includes the notes of insolvent banks, of those in voluntary liquidation, and of those which have deposited legal-tender notes under the act of June 20, 1874, for the purpose of retiring their circulation.

JOHN JAY KNOX,
Comptroller of the Currency.

Lawful-money reserve of the national banks, as shown by their reports to the Comptroller of the Currency, in 1877.

Date.	Number of banks.	Deposits.	Reserve required.	Reserve held.	Classification of reserve held.								Aggregate.	
					Specie.		Legal-tender.			Due from reserve-agents.	Redemption-fund.			
					Coin.	United States coin-certificates.	Total.	United States certificates.	Notes.			Total.		
1877.														
Jan. 20	2,083	\$721,209,793	\$150,440,232	\$251,188,995	\$10,597,487	\$39,111,780	\$49,709,267	\$25,470,000	\$72,689,710	\$98,159,710	\$88,698,309	\$14,621,709	\$251,188,995	
Apr. 14	2,073	696,283,138	144,725,891	231,223,371	10,070,458	16,999,580	27,070,038	32,100,000	72,351,573	104,451,573	84,942,718	14,759,042	231,223,371	
June 22	2,078	769,646,976	163,325,637	240,514,815	9,156,476	12,179,520	21,335,996	44,430,000	78,004,386	122,414,386	82,132,100	14,612,333	240,514,815	
Oct. 1	2,080	669,128,748	138,343,154	210,768,270	8,570,360	14,088,460	22,658,820	33,410,000	66,920,624	100,330,684	73,224,133	14,494,633	210,768,270	
Dec. 28	2,074	662,332,485	136,694,239	220,979,426	9,806,831	23,100,920	32,907,751	26,515,000	70,568,248	97,083,248	75,960,087	15,028,340	220,979,426	

TREASURY DEPARTMENT, OFFICE OF COMPTROLLER OF THE CURRENCY.
Washington, March 15, 1878.

Additional circulation under act of January 14, 1875.

	1875.	1876.	1877.	1878.
January	\$537, 580	\$702, 370	\$1, 337, 840	\$1, 041, 690
February	1, 062, 440	329, 385	931, 660	615, 500
March	1, 956, 580	322, 380	1, 979, 100	.....
April	1, 390, 200	225, 815	1, 452, 250	.....
May	1, 237, 500	476, 560	1, 352, 280	.....
June	1, 735, 525	485, 670	810, 310	.....
July	1, 151, 140	144, 880	837, 640	.....
August	626, 960	360, 100	1, 397, 570	.....
September	520, 650	1, 045, 510	1, 326, 540	.....
October	768, 100	1, 198, 780	3, 030, 050	.....
November	981, 010	780, 895	3, 938, 255	.....
December	821, 220	1, 069, 895	1, 745, 640	.....
Total.....	12, 788, 905	7, 142, 240	20, 139, 135	1, 657, 190
	December 31.	December 31.	December 31.	February 28.
Legal-tender notes outstanding	371, 827, 220	366, 055, 084	349, 943, 776	348, 618, 024

Total outstanding circulation of national-bank notes at the following dates, viz :

	December 31, 1875.	December 31, 1876.	December 31, 1877.	February 28, 1878.
Currency banks	\$344, 391, 896	\$319, 498, 216	\$320, 240, 385	\$320, 557, 871
Gold banks	2, 087, 860	2, 097, 390	1, 432, 120	1, 432 120
Total	346, 479, 756	321, 595, 606	321, 672, 505	321, 989, 991

Total outstanding circulation of national banks in operation as shown by their reports at the following dates :

	December 17, 1875.	December 22, 1876.	December 28, 1877.
Including gold banks.....	\$314, 979, 451	\$292, 011, 575	\$299, 240, 475

Specie held by the national banks, as shown by their reports to the Comptroller of the Currency, and in New York City by their statements to the clearing-house.

UNITED STATES.

Date.	Coin.	United States coin-certificates.	Total.
June 30, 1876	\$6, 455, 237 42	\$18, 764, 320 00	\$25, 219, 557 42
December 22, 1876	8, 484, 367 89	24, 515, 280 00	32, 999, 647 89
June 22, 1877	9, 156, 476 06	12, 179, 520 00	21, 335, 996 06
December 28, 1877	9, 806, 830 70	23, 100 920 00	32, 907, 750 70

NEW YORK CITY.

June 30, 1876.....	\$1, 214, 522 92	\$16, 872, 780 00	\$18, 087, 302 92
December 22, 1876	1, 434, 701 83	21, 602, 900 00	23, 037, 601 83
June 22, 1877	1, 423, 258 17	10, 324, 320 00	11, 747, 578 17
December 28, 1877	1, 955, 746 20	19, 119, 080 00	21, 074, 826 20

NEW YORK CITY—WEEKLY STATEMENTS TO THE CLEARING-HOUSE.

Week ending—	Amount.
January 5, 1878.....	\$21, 884, 100
January 12, 1878.....	23, 904, 000
January 19, 1878.....	24, 974, 400
January 26, 1878.....	26, 452, 400
February 2, 1878.....	27, 085, 800
February 9, 1878.....	28, 133, 300
February 16, 1878.....	29, 391, 900
February 23, 1878.....	28, 902, 200
March 2, 1878.....	29, 384, 000
March 9, 1878.....	32, 932, 900
March 16, 1878.....	34, 551, 000

During last year the United States accumulated coin; during this year the banks have done so.

CURRENCY VALUE OF GOLD.

Table showing the value in currency of one hundred dollars in gold in the New York market, by months, quarter-years, half-years, calendar years, and fiscal years, from January 1, 1862, to February 28, 1878, both inclusive.

[Prepared by E. B. Elliott, United States Treasury.]

Periods.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.
January.....	102.5	145.1	155.5	216.2	140.1	134.6	138.5	135.6	121.3	110.7	109.1	112.7	111.4*	112.5	112.8	106.3	102.1
February.....	103.5	160.5	158.6	205.5	138.4	137.4	141.4	134.4	119.5	111.5	110.3	114.1	112.3	114.5	113.4	105.4	102
March.....	101.8	154.5	162.9	173.8	130.5	135	139.5	131.3	112.6	111	110.1	115.5	112.1	115.5	114.3	104.8	.....
April.....	101.5	151.5	172.7	148.5	127.3	135.6	138.7	132.9	113.1	110.6	111.1	117.8	113.4	114.8	113.0	106.2	.....
May.....	103.3	148.9	176.3	135.6	131.8	137	139.6	139.2	114.7	111.5	113.7	117.7	112.4	115.8	112.6	106.9	.....
June.....	106.5	144.5	210.7	140.1	148.7	137.5	140.1	138.1	112.9	112.4	113.9	116.5	111.3	117	112.5	105.4	.....
July.....	115.5	130.6	258.1	142.1	151.6	139.4	142.7	136.1	116.8	112.4	114.3	115.7	110	114.8	111.9	105.4	.....
August.....	114.5	125.8	254.1	143.5	148.7	140.8	145.5	134.2	117.9	112.4	114.4	115.4	109.7	113.5	111.2	105	.....
September.....	118.5	134.2	222.5	143.9	145.5	143.4	143.6	136.8	114.8	114.5	113.5	112.7	109.7	115.8	110	103.3	.....
October.....	128.5	147.7	207.2	145.5	148.3	143.5	137.1	130.2	112.8	113.2	113.2	108.9	110	116.4	109.7	102.8	.....
November.....	131.1	148.0	233.5	147	143.8	139.6	134.4	126.2	111.4	111.2	112.9	108.6	110.9	114.7	109.1	102.8	.....
December.....	132.3	151.1	227.5	146.2	136.7	134.8	135.2	121.5	110.7	109.3	112.2	110	111.7	113.9	107.9	102.8	.....
First quarter-year.....	102.6	153.4	159	198.5	136.3	135.7	139.8	133.8	117.8	111.1	109.8	114.1	111.9	114.2	113.5	105.5	.....
Second quarter-year.....	103.8	148.3	186.6	141.4	135.9	136.7	139.5	136.7	113.6	111.5	112.9	117.3	112.4	115.9	112.7	106.2	.....
Third quarter-year.....	116.2	130.2	244.9	143.2	148.6	141.2	143.9	135.7	116.5	113.1	114.1	114.6	109.8	114.7	111	104.6	.....
Fourth quarter-year.....	130.6	148.9	222.7	146.2	142.9	139.3	135.6	126	111.6	111.2	112.8	109.2	110.9	115	108.9	102.8	.....
First half-year.....	103.2	150.8	172.8	169.9	136.1	136.2	139.6	135.3	115.7	111.3	111.4	115.7	112.2	115.1	113.1	105.9	.....
Second half-year.....	123.4	139.6	233.8	144.7	145.8	140.3	139.8	130.8	114	121.1	113.4	111.9	110.3	114.8	109.9	103.7	.....
Calendar year.....	113.3	145.2	203.3	157.3	140.9	138.2	139.7	133	114.9	111.7	112.4	113.8	111.2	114.9	111.5	104.3	.....
Fiscal year ending June 30.....	.....	137.1	156.2	201.9	140.4	141	139.9	137.5	123.3	112.7	111.8	114.6	112	112.7	113.9	107.9	.....

GOLD VALUE OF CURRENCY.

Table showing the value in gold of one hundred dollars in currency in the New York market, by months, quarter-years, half-years, calendar years, and fiscal years, from January 1, 1862, to February 28, 1878, both inclusive.

[Prepared by E. B. Elliott, United States Treasury.]

Periods.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.
January.....	97.6	68.9	64.3	46.3	71.4	74.3	72.2	73.7	82.4	90.3	91.7	88.7	89.7	88.9	88.6	94	97.9
February.....	96.6	62.3	63.1	48.7	72.3	72.8	70.7	74.4	83.7	89.7	90.7	87.6	89.1	87.3	88.2	94.8	98
March.....	98.2	64.7	61.4	57.5	76.6	74.1	71.7	76.2	88.8	90.1	90.8	86.6	89.2	86.6	87.5	95.4	.....
April.....	98.5	66	57.9	67.3	78.6	73.7	72.1	75.2	88.4	90.4	90	84.9	88.2	87.1	88.5	94.2	.....
May.....	96.8	67.2	56.7	73.7	75.9	73	71.6	71.8	87.2	89.7	88	85	89.9	86.3	88.8	93.5	.....
June.....	93.9	69.2	47.5	71.4	67.2	72.7	71.4	72.4	88.6	89	87.8	85.8	90	85.4	88.9	94.9	.....
July.....	86.6	76.6	38.7	70.4	66	71.7	70.1	73.5	85.6	89	87.5	86.4	91	87.2	89.4	94.9	.....
August.....	87.3	79.5	39.4	69.7	67.2	71	68.7	74.5	84.8	89	87.4	86.7	91.2	88.1	89.9	95.2	.....
September.....	84.4	74.5	44.9	69.5	68.7	69.7	69.6	73.1	87.1	87.3	88.1	88.7	91.2	86.4	90.9	96.8	.....
October.....	77.8	67.7	48.3	68.7	67.4	69.7	72.9	76.8	88.7	88.3	88.3	91.8	91	85.9	91.2	97.3	.....
November.....	76.3	67.6	42.8	68	69.5	71.6	74.4	79.2	89.8	89.9	88.6	92.1	90.2	87.2	91.7	97.3	.....
December.....	75.6	66.2	44	68.4	73.2	74.2	74	82.3	90.3	91.5	89.1	90.9	89.6	87.8	92.6	97.3	.....
First quarter-year.....	97.5	65.2	62.9	50.4	73.3	73.7	71.5	74.7	84.9	90	91	87.6	89.3	87.6	88.1	94.8	.....
Second quarter-year.....	96.3	67.4	53.6	70.7	73.6	73.2	71.7	73.2	88	89.7	88.6	85.3	89	86.3	88.7	94.2	.....
Third quarter-year.....	86.1	76.8	40.8	69.8	67.2	70.8	69.5	73.7	85.8	88.4	87.6	87.3	91.1	87.2	90.1	95.6	.....
Fourth quarter-year.....	76.6	67.2	44.9	68.4	70	71.8	73.7	79.4	89.6	90	88.7	91.6	90.2	86.9	91.8	97.3	.....
First half-year.....	96.9	66.3	57.9	58.9	73.5	73.4	71.6	73.9	86.4	89.8	89.8	86.4	89.2	86.9	88.4	94.4	.....
Second half-year.....	81	71.6	42.8	69.1	68.6	71.3	71.5	76.5	87.7	89.2	88.2	89.4	90.7	87.1	90.9	96.4	.....
Calendar year.....	88.3	68.9	49.2	63.6	71	72.4	71.6	75.2	87	89.5	89	87.9	89.9	87	89.8	95.4	.....
Fiscal year ended June 30.....	.....	72.9	64	49.5	71.2	70.9	71.5	72.7	81.1	88.7	89.4	87.3	89.3	88.8	87.8	92.7	.....

Dates of maturity and amounts of 5-20 called bonds.

AGAINST $4\frac{1}{2}$ PER CENTS.

1876, Dec. 1. 32d call	\$10,000,000	
Dec. 6. 33d call	10,000,000	
Dec. 12. 34th call	10,000,000	
Dec. 21. 35th call	10,000,000	
1877, Jan. 6. 36th call	10,000,000	
Apr. 10. 37th call	10,000,000	
Apr. 24. 38th call	10,000,000	
May 12. 39th call	10,000,000	
May 28. 40th call	10,000,000	
June 3. 41st call	10,000,000	
June 10. 42d call	10,000,000	
June 15. 43d call	10,000,000	
June 27. 44th call	10,000,000	
July 5. 45th call	10,000,000	
Aug. 5. 46th call	10,114,550	
Aug. 21. 47th call	10,000,000	
Aug. 28. 48th call	10,000,000	
Sept. 11. 49th call	15,000,000	
		\$185,114,550

AGAINST 4 PER CENTS.

1877, Oct. 5. 50th call	10,000,000	
Oct. 16. 51st call	10,000,000	
Oct. 19. 52d call	10,000,000	
Oct. 27. 53d call	10,000,000	
Nov. 3. 54th call	10,000,000	
1878, Mar. 6. 55th call	10,000,000	
		60,000,000
Total		245,114,550

TREASURY DEPARTMENT, UNITED STATES OF AMERICA,
BUREAU OF STATISTICS,
Washington, D. C., March 18, 1878.

Information asked for by the honorable Secretary.

Compare exports and imports for three years, and show aggregate excess of exports.

Reply by the Chief of the Bureau of Statistics.

Statements showing the imports and exports into and from the United States during the three fiscal years 1875, 1876, and 1877, with a classified statement of the exports of domestic products; also of the trade during the three calendar years ended December 31, 1877, are appended hereto.

The latter statement shows that the balance in favor of the United States during the three years indicated is as follows:

	Merchandise only.
In the calendar year 1875	\$64,201,852
In the calendar year 1876	185,202,605
In the calendar year 1877	164,630,209
Making an aggregate of gold values	414,034,666

Excess of exports over imports.

	During the calendar year ended December 31.	
	1876.	1877.
Merchandise	\$163,319,464	\$140,088,657
Coin and bullion	21,883,141	24,541,552
Total excess	185,202,605	164,630,209

Trade of the United States during the three years ended December 31, 1877.

GOLD VALUE.

	Year ended December 31—		
	1877.	1876.	1875.
Total domestic imports.....	\$644, 996, 156	\$623, 709, 566	\$567, 372, 589
Total foreign exports.....	23, 618, 923	23, 311, 538	22, 878, 347
Total exports.....	668, 615, 079	647, 021, 104	590, 250, 936
Total imports.....	503, 984, 870	461, 818, 499	526, 049, 084
Balance in favor of the United States.....	164, 630, 209	185, 262, 605	64, 201, 852
SPECIE AND BULLION.			
Exports, domestic.....	37, 429, 661	47, 973, 762	70, 108, 852
Exports, foreign.....	10, 883, 006	8, 380, 713	9, 194, 662
Total exports.....	48, 312, 667	56, 354, 475	79, 303, 514
Total imports.....	23, 771, 115	34, 471, 334	22, 896, 148
Excess of specie exported.....	24, 541, 552	21, 883, 141	56, 407, 366

EDWARD YOUNG,
Chief of Bureau.

BUREAU OF STATISTICS, *March 18, 1878.*